

WEIKLE & Co.

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June 30, 2014

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th St, SW
Washington, D.C. 20554

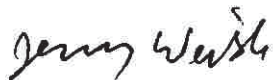
RE: WC Docket No. 10-90, WC Docket No. 11-42
FCC Form 481 – Carrier Annual Reporting
Ellerbe Telephone Company

Dear Secretary:

This FCC Form 481- Carrier Annual Reporting is being submitted on behalf of Ellerbe Telephone Company in accordance with FCC Rules 54.313 and 54.422. There are two copies of a Redacted – For Public Inspection version. In addition there is one copy with financial information marked as confidential information in accordance with a November 16, 2012 Protective Order, DA12-1857. A Redacted – For Public Inspection version is also being filed via ECFS.

If there are any questions, I can be reached at 704.699.9451.

Sincerely,



Jerry Weikle
Consultant to Ellerbe Telephone Company

Attachments

cc: Charles Tyler, Telecommunications Access Policy Division (Two Confidential Copies)

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FCC Form 481 - Carrier Annual Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013

<010> Study Area Code	230478
<015> Study Area Name	ELLERBE TEL CO
<020> Program Year	2015
<030> Contact Name: Person USAC should contact with questions about this data	Jerry Weikle
<035> Contact Telephone Number: Number of the person identified in data line <030>	7047827738 ext.
<039> Contact Email Address: Email of the person identified in data line <030>	jweikle@windstream.net

ANNUAL REPORTING FOR ALL CARRIERS		54.313 Completion Required	54.422 Completion Required
		(check box when complete)	
<100> Service Quality Improvement Reporting	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<200> Outage Reporting (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<300> Unfulfilled Service Requests (voice)	0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<310> Detail on Attempts (voice)		<input type="checkbox"/>	<input type="checkbox"/>
(attach descriptive document)			
<320> Unfulfilled Service Requests (broadband)	0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<330> Detail on Attempts (broadband)		<input type="checkbox"/>	<input type="checkbox"/>
(attach descriptive document)			
<400> Number of Complaints per 1,000 customers (voice)			
<410> Fixed	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<420> Mobile		<input type="checkbox"/>	<input type="checkbox"/>
<430> Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<440> Fixed	0.0	<input type="checkbox"/>	<input type="checkbox"/>
<450> Mobile	0.0	<input type="checkbox"/>	<input type="checkbox"/>
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510> <div style="border: 1px solid black; padding: 5px; height: 40px;">230478NC510.pdf</div>	(attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600> Functionality in Emergency Situations	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610> <div style="border: 1px solid black; padding: 5px; height: 40px;">230478NC610.pdf</div>	(attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700> Company Price Offerings (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<710> Company Price Offerings (broadband)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<800> Operating Companies and Affiliates	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)? <input type="radio"/> <input checked="" type="radio"/>	(if yes, complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1000> Voice Services Rate Comparability	(check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1010> <div style="border: 1px solid black; padding: 5px; height: 40px;">230478NC1010.pdf</div>	(attach descriptive document)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1100> Terrestrial Backhaul (Y/N)? <input checked="" type="radio"/> <input type="radio"/>	(if not, check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1110>	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>	(check to indicate certification)	<input type="checkbox"/>	<input type="checkbox"/>
<2005>	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

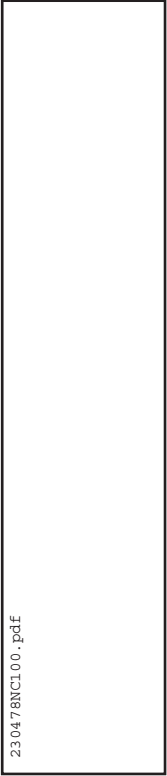
<3000>	(check to indicate certification)	<input type="checkbox"/>	<input type="checkbox"/>
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

(100) Service Quality Improvement Reporting Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	230478
<015>	Study Area Name	ELLERBE TEL CO
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	
	Jerry Weikle	
<035>	Contact Telephone Number - Number of person identified in data line <030>	7047827738 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jweikle@windstream.net
<110>	Has your company received its ETC certification from the FCC?	<input type="radio"/> (yes / no) <input checked="" type="radio"/>
<111>	If your answer to Line <110> is yes, do you have an existing "5 year plan" filed with the FCC?	<input type="radio"/> (yes / no) <input type="radio"/>

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.



Name of Attached Document

Please check these boxes below to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113>	Maps detailing progress towards meeting plan targets
<114>	Report how much universal service (USF) support was received
<115>	How (USF) was used to improve service quality
<116>	How (USF) was used to improve service coverage
<117>	How (USF) was used to improve service capacity
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.

OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

[illegible]

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(900) Tribal Lands Reporting
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	230478
<015>	Study Area Name	ELLERBE TEL CO
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Jerry Weikle
<035>	Contact Telephone Number - Number of person identified in data line <030>	7047827738 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jweikle@windstream.net

<910>	Tribal Land(s) on which ETC Serves	
-------	------------------------------------	--

<920>	Tribal Government Engagement Obligation	
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Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

Select (Yes, No, NA)

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

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(1100) No Terrestrial Backhaul Reporting Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013	
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<010>	Study Area Code	230478
<015>	Study Area Name	ELLERBE TEL CO
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Jerry Weikle
<035>	Contact Telephone Number - Number of person identified in data line <030>	7047827738 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jweikle@windstream.net

☐

<1120> Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G)

☐

<1130> Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G)

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(1200) Terms and Condition for Lifeline Customers		FCC Form 481
Lifeline		OMB Control No. 3060-0986/OMB Control No. 3060-0819
Data Collection Form		July 2013

<010>	Study Area Code	230478
<015>	Study Area Name	ELLERBE TEL CO
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Jerry Weikle
<035>	Contact Telephone Number - Number of person identified in data line <030>	7047827738 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jweikle@windstream.net

<1210>	Terms & Conditions of Voice Telephony Lifeline Plans	<div>230478NC1210.pdf</div>	Name of Attached Document
<1220>	Link to Public Website	HTTP	

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221>	Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,	<input checked="" type="checkbox"/>
<1222>	Details on the number of minutes provided as part of the plan,	<input checked="" type="checkbox"/>
<1223>	Additional charges for toll calls, and rates for each such plan.	<input checked="" type="checkbox"/>

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(2000) Price Cap Carrier Additional Documentation		FCC Form 481
Data Collection Form		OMB Control No. 3060-0986/OMB Control No. 3060-0819
<i>Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers</i>		July 2013

<010>	Study Area Code	230478
<015>	Study Area Name	ELLERBE TEL CO
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Jerry Weikle
<035>	Contact Telephone Number - Number of person identified in data line <030>	7047827738 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jweikle@windstream.net

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting		
<2010>	2nd Year Certification (47 CFR § 54.313(b)(1))	<input type="checkbox"/>
<2011>	3rd Year Certification (47 CFR § 54.313(b)(2))	<input type="checkbox"/>
Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))		
<2012>	2013 Frozen Support Certification	<input type="checkbox"/>
<2013>	2014 Frozen Support Certification	<input type="checkbox"/>
<2014>	2015 Frozen Support Certification	<input type="checkbox"/>
<2015>	2016 and future Frozen Support Certification	<input type="checkbox"/>
Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))		
<2016>	Certification Support Used to Build Broadband	<input type="checkbox"/>
Connect America Phase II Reporting (47 CFR § 54.313(e))		
<2017>	3rd year Broadband Service Certification	<input type="checkbox"/>
<2018>	5th year Broadband Service Certification	<input type="checkbox"/>
<2019>	Interim Progress Certification	<input type="checkbox"/>
<2020>	Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.	

<2021>	Interim Progress Community Anchor Institutions	<div></div>
		Name of Attached Document Listing Required Information

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(3000) Rate Of Return Carrier Additional Documentation

Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	230478
<015>	Study Area Name	ELLERBE TEL CO
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Jerry Weikle
<035>	Contact Telephone Number - Number of person identified in data line <030>	7047827738 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jweikle@windstream.net

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3010) Progress Report on 5 Year Plan

Milestone Certification (47 CFR § 54.313(f)(1)(ii))

Name of Attached Document Listing Required Information

Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313 (f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

(3012) Community Anchor Institutions (47 CFR § 54.313(f)(1)(iii))

Name of Attached Document Listing Required Information

(3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))

(3014) If yes, does your company file the RUS annual report

(Yes/No)

(Yes/No)

(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)

(3016) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(Yes/No)

(Yes/No)

(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

(Yes/No)

(Yes/No)

(3018) If the response is no on line 3014, Is your company audited?

(3019) If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains

(Yes/No)

(Yes/No)

(3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3021) Management letter issued by the independent certified public accountant that performed the company's financial audit.

(Yes/No)

(Yes/No)

(3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers,

(3023) Underlying information subjected to a review by an independent certified public accountant

(Yes/No)

(Yes/No)

(3024) Underlying information subjected to an officer certification.

(3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(Yes/No)

(Yes/No)

(3026) Attach the worksheet listing required information

(Yes/No)

(Yes/No)

Name of Attached Document Listing Required Information

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Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

<010>	Study Area Code	230478
<015>	Study Area Name	ELLERBE TEL CO
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<030>	Contact Name - Person USAC should contact regarding this data	Jerry Weikle
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<039>	Contact Email Address - Email Address of person identified in data line <030>	jweikle@windstream.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: ELLERBE TEL CO	
Signature of Authorized Officer: CERTIFIED ONLINE	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier: 230478	Filing Due Date for this form: 07/01/2014
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

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Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

<010> Study Area Code	230478
<015> Study Area Name	ELLERBE TEL CO
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Jerry Weikle
<035> Contact Telephone Number - Number of person identified in data line <030>	7047827738 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	jweikle@windstream.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date:
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	
Name of Authorized Agent or Employee of Agent:	
Signature of Authorized Agent or Employee of Agent:	Date:
Printed name of Authorized Agent or Employee of Agent:	
Title or position of Authorized Agent or Employee of Agent:	
Telephone number of Authorized Agent or Employee of Agent:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

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Attachments

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Ellerbe Telephone
Initial Five Year Service Quality Improvement Plan
For the Calendar Years 2015-2019
Line 100

Discussion

Ellerbe Telephone is an ETC designated by the North Carolina Utilities Commission and is submitting its initial five year service quality improvement plan (Plan) as required by 47 CFR § 54.313(a)(1) and 54.202(a)(1)(ii). Ellerbe Telephone is an incumbent carrier with a service area in the state of North Carolina, with 1,500 access lines served as of 12/31/2013 in one exchange. Ellerbe Telephone is a rate-of-return (RoR) regulated carrier.

The five year plan reflected herein represents Ellerbe Telephone's ongoing efforts to expand high quality, reasonably-priced broadband services throughout its service area. Ellerbe Telephone has generated a five-year plan in compliance with the Commission's rules, although the out years in the plan (years 3-5) are highly speculative in nature and thus will likely change, sometimes substantially, in future progress updates filed with the Commission. Reasons for the speculative nature of years 3-5 of the Plan include (1) the unknown nature of universal service support in those years, in light of the Commission's USF/ICC Transformation Order, (2) the difficulty in forecasting customer counts, demand, and other factors directly affecting network demand, and (3) the rapid pace of technological innovations in the communications industry makes it difficult to plan more than one or two years in advance with any degree of accuracy.

The Plan presented herein by necessity includes expenditures not directly tied to "improvements or upgrades" of Ellerbe Telephone's network, such as amounts for the maintenance and upkeep of existing telecommunications plant. In order for the Commission to accurately consider the capital and operating expenditures as related to and supported by the federal universal service programs, these types of costs are critical for such an understanding.

Initial Five Year Service Quality Improvement and Investment Plan

Ellerbe Telephone's service quality improvement and investment plan consists of two major components: (1) capital expenditures it sees as necessary to meet the voice and broadband public interest obligations as adopted by the Commission, state service quality and network build out requirements, and general upkeep and maintenance of its network; and (2) operating expenditures necessary to meet the same obligations.

As shown on the following pages, Ellerbe Telephone will work to place fiber in its distribution route to start serving homes and businesses. This will allow customers to receive a more reliable service and faster broadband speeds. Ellerbe Telephone will replace its current TDM based switch with a softswitch to provide more reliable services. Ellerbe Telephone will work to maintain its network in order to keep it operating efficiently and to avoid problems from impacting customers.

Considerations

The investment and service quality improvement plans discussed above were generated, in part, to meet or exceed the broadband public interest obligations adopted by the Commission:

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- Speed - at least 4 mbps downstream and 1 mbps upstream
- Latency - 100mS or less, sufficient for real-time applications
- Capacity - Unlimited capacity per month
- As an RoR - regulated carrier, Ellerbe Telephone is required pursuant to 47 CFR § 54.313(f)(1)(i) to provide broadband service at 4 mbps/1 mbps upon reasonable request and within a reasonable timeframe. When customers request broadband service, employees check engineering records to determine if there are limitations on speeds. Where possible two copper pairs can be bonded to increase speeds for customers. Ellerbe Telephone currently is able to provide 4 mbps/1 mbps to the majority of customers now. It is estimated that approximately 50 customers are not able to receive 4 mbps/1 mbps primarily due to long copper loop lengths.
- Ellerbe Telephone determines into which parts of its network are feasible to upgrade and increase capacity by analyzing relevant factors such as population, demand, costs, likely revenues, regulatory requirements, and availability of work force and materials.

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Study Area Code
Study Area Name

230478
EllerbeTelephonic Company

PART A - PROJECT LIST FOR 2015-2019

Project	Start Date	Completion	Areas	Population	Total Dollars	Part 32 Account	Voice, Broadband, Both, etc.
[REDACTED]							

Study Area Code 230478
 Study Area Name EllerbeTelephone Company

Part B: 5-Year Proposed Capital Expenditures and Operating Expenses

(1) Use the chart below to break out the regulated portion of the cost/expense on a per-year basis
 Please note that the 5-Year Plan should include regulated plant/expenses only.

Regulated Capital Expenditure (CapEx) Projections						
Account	Description	2015	2016	2017	2018	2019
2111 & 2121	Land & Building					
2112	Vehicles					
2122-2124	Support Assets					
2210	Switching Equipment					
2232	Circuit Equipment					
2410	Cable & Wire Facilities					
1220	Materials & Supplies					
	Total Capital Expenditures					
Total Projected CapEx 2015-2019						
Regulated Operating Expenditure (OpEx) Projections						
Account	Operating Expenses	2015	2016	2017	2018	2019
6110-6120	General Support Maintenance					
6210	Switching Maintenance					
6230	COE Transmission Maintenance					
6410	Cable & Wire Facilities					
6530	Non-Specific (Testing, Plant Op., Engineering)					
6561-2110	General Support Depreciation					
6561-2210	Switching Depreciation					
6561-2230	Circuit Equip Depreciation					
6561-2410	Cable & Wire Depreciation					
6610-6620	Customer Operations					
6711-6720	Corporate Operations					
7240	Ad Valorem Expense					
	Total Operating Expenses					
Total Operating Expenses 2015-2019						

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Ellerbe Telephone

Service Quality Standards and Consumer Protection Rules Compliance Explanation

Line 510

Certification

Ellerbe Telephone Company certifies that it complies with applicable service quality standards and consumer protection rules for both voice services and broadband services.

Service Quality

Ellerbe Telephone Company is regulated by the North Carolina Utilities Commission (NCUC). The NCUC has service quality rules in effect that Ellerbe must comply with for voice services and the rules are found in NCUC Chapter 9, Rule R9-8. The NCUC does not have rules in place regarding broadband service quality.

Here is a link to Chapter 9 rules located on the NCUC website:

<http://www.ncuc.net/ncrules/Chapter09.pdf>

Rule R9-8 requires that certain service objectives be met and that company results be reported to the NCUC on a quarterly basis within 45 days after the end of each quarter. Ellerbe has set up procedures and processes to remain in compliance with the Rule R9-8 objectives. This includes maintaining procedures and processes to record monthly results, tabulate them, and report them to the NCUC.

During the calendar year 2013, Ellerbe met all required NCUC service quality objectives. The NCUC objectives are listed below:

Rule R9-8. Service objectives for regulated local exchange telephone companies and competing local providers (CLPs).

(a) Service Objectives. Each regulated local exchange telephone company and CLP shall perform and provide service in accordance with the following uniform service objectives:

<i>Measure No.</i>	<i>Description</i>	<i>Objective</i>
1	Intraoffice completion rate	99% or more
2	Interoffice completion rate	98% or more
3	EAS transmission loss	95% or more between 2 and 10 dB
4	EAS trunk noise	95% or more 30 dBnc or less
5	Operator "0" answertime	90% or more of calls answered within 10 seconds or ASA of 6 seconds
6	Directory assistance answertime	85% or more of calls answered within 10 seconds or ASA of 6 seconds

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7	Business office answertime	ASA of 30 seconds
8	Repair service answertime	ASA of 30 seconds
9	Initial customer trouble reports	4.75 or less per 100 total access lines
10	Repeat reports	1.0 report or less per 100 total access lines
11	Out-of-service troubles cleared within 24 Hours	95% or more
12	Regular service orders completed within 5 working days	90% or more
13	New service installation appointments not met for Company reasons	5% or less
14	New service held orders not completed within 30 days	0.1% or less of total access lines

Consumer Protection

Ellerbe Telephone Company is committed to maintain the privacy of customer information. In addition to protecting personal information the company is obligated to protect information on how customers use their services. Ellerbe Telephone Company follows all requirements the FCC has mandated concerning Customer Proprietary Network Information (CPNI). As required, Ellerbe files annual CPNI compliance certifications with the FCC by March 1 each year.

Ellerbe Telephone Company also has an Identity Theft Prevention Program in place to comply with Red Flag Identity Theft prevention rules. This program ensures that no information pertaining to our customers is compromised and that information from new customers is accurate and does not represent a stolen identity.

There are no NCUC or state rules in place for broadband consumer protection. Ellerbe Telephone Company does follow federal laws relating to broadband service. Ellerbe Telephone Company does publicly disclose broadband terms and prices for customers.

REDACTED - FOR PUBLIC INSPECTION

Ellerbe Telephone
Functionality in Emergency Situations
Line 610

Backup/Emergency Power

Ellerbe Telephone's main Central Office has both battery backup and permanent mounted generator backup. When commercial power fails, batteries carry all central office equipment until the generator comes on within one minute of power failure. If the generator fails to come on, batteries can carry the central office for 12-16 hours.

One remote switch has both battery backup and permanent mounted generator backup. When commercial power fails, batteries carry all central office equipment until the generator comes on within one minute of power failure. If the generator fails to come on, batteries can carry the equipment for 16-18 hours.

Both generators at the main Central Office and the remote switch are propane powered and can run for 5-7 days on their fuel supply.

All small remote switches have battery backup that can carry the equipment for 6-10 hours in the event of commercial power failure. They also have ports where a portable generator will be connected to supply power to the remote. These portable generators are gasoline powered and can run for 4-6 hours on their fuel supply. During the event of an emergency, these portable generators are resupplied with fuel on a regular basis.

Network Facilities

Ellerbe is located in the Wilmington, NC LATA and connects to an AT&T Central Office in Rockingham, NC to connect to the Laurinburg, NC tandem. Ellerbe has redundant fiber facilities that connect to the Rockingham office that are on different geographic routes. During times of an emergency or damage to facilities, traffic is rerouted over redundant facilities as needed.

Priority Line Assignments

Ellerbe's Central Office switch is a Genband DMS-10. This switch is configured with a certain number "priority" line assignments in each line assignment group. Ellerbe assigns local municipal, fire, EMS, and rescue telephone numbers to these priority line assignment positions. Should the switch get in an overload status because of a traffic spike, it automatically prioritizes these positions to remain in service before non-priority line assignments.

REDACTED - FOR PUBLIC INSPECTION

[illegible]

REDACTED - FOR PUBLIC INSPECTION

Ellerbe Telephone
Voice Services Rate Comparability
Line 1010

The FCC released a Public Notice on March 20, 2014 (DA 14-384) which listed the urban average rate as \$20.46 for residential customers. The same Public Notice listed the rate that is a reasonably comparable benchmark at \$46.96.

Ellerbe Telephone charges all residential customers \$15.14 plus a federal Subscriber Line Charge of \$6.50 for monthly service with unlimited local calling. The total of these charges is \$21.64 which is less than the reasonably comparable benchmark of \$46.96.

Because of this, Ellerbe Telephone is able to certify that it's pricing of fixed voice service is no more than two standard deviations above the applicable national average urban rate for voice service.

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Ellerbe Telephone
Lifeline Terms and Conditions
Line 1210

As a state regulated wireline carrier, Ellerbe Telephone offers Lifeline service in accordance with FCC rules and terms and conditions in its tariff. The terms and conditions of the tariff are included starting on the next page of this file.

Minutes of Use

Each Lifeline customer has unlimited local usage and is able to make local calls at no additional charge. Each Lifeline customer is also able to receive unlimited local and long distance calls at no additional charge.

Toll Charges

Each Lifeline customer is able to receive toll blocking to avoid incurring unexpected toll charges. In the event the customer would like to make toll calls then the customer is able to choose which long distance company they would like to use and then choose which rate plan is best for them.

REDACTED - FOR PUBLIC INSPECTION
GENERAL SUBSCRIBER SERVICES TARIFF

ELLERBE
TELEPHONE COMPANY

SECTION 3
SIXTH REVISED PAGE 10
CANCELING FIFTH REVISED PAGE 10

ISSUED: December 18, 2013
EFFECTIVE DATE: January 1, 2014

DOCKET NO. P-100 SUB 133F
Allowed To Become Effective Pursuant
To G.S. 62-130 and G.S. 62-134

S3. BASIC LOCAL EXCHANGE SERVICE

DEC 27 2013

S3.11 LIFELINE

S3.11.1 DESCRIPTION OF SERVICE

FILED
N.C. UTILITIES COMMISSION

- a. The Lifeline Program is designed to increase the availability of telecommunication services to low income subscribers by providing a credit to monthly recurring local service to qualifying residential subscribers. Basic terms and conditions are in compliance with the FCC's rules found in CFR § 54.410. Customers must be certified by the appropriate state agency that they participate in one of the following programs: Medicaid; Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps; Supplemental Security Income (SSI); Federal Public Housing Assistance (Section 8); Low-Income Home Energy Assistance Program (LIHEAP); National School Lunch Program's free lunch program; Temporary Assistance for Needy Families (TANF); or, be able to provide proof of household income which is at or below 135% of the annual Federal Poverty Guidelines for all States. Such certification must be provided to the Company. Specific terms and conditions are as prescribed by the North Carolina Utilities Commission and are set forth in this Tariff.
- b. Lifeline is supported by federal and state universal support mechanisms.
- c. Federal baseline support of \$9.25 is available to each Lifeline Service and is passed through to the subscriber. The total Lifeline credit available to an eligible customer in North Carolina is \$9.25. The amount of credit will not exceed the charge for local service, which includes access line, touch tone service, the Subscriber line charge and local usage. (C)
|
(C)

S3.11.2 REGULATIONS

a. General

- (1)
- (2) One low income credit is available per household and is applicable to the primary residential connection only. The name subscriber must be a current recipient of the low income assistance programs as identified in Section 3.11.2b following.
- (3) A lifeline customer may subscribe to any local service offering available to other residential customers

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Feb 26 2014

GENERAL SUBSCRIBER SERVICES TARIFF

ELLERBE
TELEPHONE COMPANY

SECTION 3
SECOND REVISED PAGE 11
CANCELING FIRST REVISED PAGE 11

ISSUED: October 11, 2013
BY: President

EFFECTIVE: October 11, 2013

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S3. BASIC LOCAL EXCHANGE SERVICE

S3.11 LIFELINE (Continued)

3.11.2 REGULATIONS (Continued)

a. General (Continued)

- (4) Customized Code Restriction Option 2 as specified in Section 13.18.1e., and the Billed Number Screening as specified in Section 13.19 of this tariff, will be offered at no charge to the lifeline subscribers to establish toll blocking.
- (5) The deposit requirement is not applicable to a Lifeline customer who subscribes to toll blocking. If a Lifeline customer removes toll blocking prior to establishing an acceptable credit history, a deposit may be required.
- (6) A Lifeline subscriber's local service will not be disconnected for non-payment of regulated toll charges. Local service may be denied for non-payment of local calls in accordance with Section 2 of this Tariff. Access to toll service may be denied for non-payment of regulated tolls. In such cases Customized Code Restriction Option 2 and Billed Number Screening will be applied to the Lifeline Subscribers service at no charge. A lifeline subscriber's request for reconnection of local service will not be denied if the service was previously denied for non-payment of toll charges as long as all outstanding local charges are paid.
- (7) Partial payments made by customers will be applied first to local service charges, then to toll charges.
- (8) The presubscribed Interexchange Carrier Charge (PICC) will not be billed to Lifeline customers who subscribe to Customized Code Restriction Option 2 for toll blocking and who do not presubscribe to a long distance carrier.

b. Eligibility

- (1) To be eligible for a Lifeline credit, a customer must be a current recipient of any one of the following low income assistance programs.
 - (a) Temporary Assistance for Needy Families (TANF)
 - (b) Supplemental Security Income (SSI)

DOCKET NO. P-100 SUB B3f
Allowed To Become Effective Pursuant
To G.S. 82-130 and G.S. 82-134

OCT 13 2013

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N.C. UTILITIES COMMISSION

(C)
(C)

GENERAL SUBSCRIBER SERVICES TARIFF

ELLERBE
TELEPHONE COMPANY

SECTION 3
THIRD REVISED PAGE 12
CANCELING SECOND REVISED PAGE 12

ISSUED: October 11, 2013
BY: President

EFFECTIVE: October 11, 2013

S3. BASIC LOCAL EXCHANGE SERVICE

S3.11 LIFELINE (Continued)

3.11.2 REGULATIONS (Continued)

b. Eligibility (Continued)

- (c) Supplemental Nutrition Assistance Program (SNAP)
- (d) Medicaid
- (e) Low Income Home Energy Assistance Program (LIHEAP)
- (f) Federal Public Housing Assistance (Section 8)
- (g) National School Lunch Program's free lunch program; or
- (i) Provide proof of household income which is at or below 135% of the annual Federal Poverty Guidelines.

(C)

(C)

- (2) A standard application form will be available only from the agency administering the qualifying program and not from the Company. All applications are subject to verification with the state agency responsible for administration of the qualifying program.

c. Certification

- (1) Proof of eligibility in any of the qualifying programs should be provided to the Company at the time of application of service. The Lifeline credit will not be established until proof of eligibility has been received by the company. If the customer requests installation prior to the Company's receipt of proof of eligibility, the requested service will be provided without the Lifeline credit. When eligibility documentation is provided subsequent to installation, the Lifeline credit will be provided on a going forward basis.
- (2) The Company will audit its records every 12 months working in conjunction with the appropriate state or federal agencies, for the purpose of determining continuing eligibility. Information obtained during such audit will be treated as confidential information to the extent required under State and Federal laws. The use or disclosure of information concerning enrollees will be limited to purposes directly connected with the administration of the Lifeline plan.
- (3) When a customer is determined to be ineligible as a result of an audit, the Company will send the customer a written notice of ineligibility. If the customer cannot provide eligibility documentation, the Lifeline credit will be discontinued.

(C)

(C)

DOCKET NO. P-100 SUB 133f
Allowed To Become Effective Pursuant
To G.S. 62-130 and G.S. 62-134

OCT 13 2013

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GENERAL SUBSCRIBER SERVICES TARIFF
REDACTED - FOR PUBLIC INSPECTION

ELLERBE
TELEPHONE COMPANY

SECTION 3
SEVENTH REVISED PAGE 13
CANCELING SIXTH REVISED PAGE 13

ISSUED: December 18, 2013
EFFECTIVE DATE: January 1, 2014

S3. BASIC LOCAL EXCHANGE SERVICE

S3.11 LIFELINE (Continued)

3.11.3 RATES AND CHARGES

a. General

- (1) Lifeline is provided as a monthly credit and the eligible residential subscriber's access line bill for local service.
- (2) Service Charges in section 4 are applicable for installing or changing Lifeline service.
- (3)
- (4) The secondary service Order Charge in section 4 is not applicable when existing service is converted intact to Lifeline.

b. The total Lifeline Credit consist of one federal.

(C)

(1) Federal Credit	Monthly Credit
(b) ALL PROGRAMS	\$9.25

(2)

(D)
|
(D)

DOCKET NO. P-100 SUB 133F
Allowed To Become Effective Pursuant
To G.S. 62-130 and G.S. 62-134

DEC 27 2013

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N.C. UTILITIES COMMISSION

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Feb 26 2014

USDA-RUS		<i>This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.</i>	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		BORROWER NAME REDACTED - FOR PUBLIC INSPECTION Ellerbe Telephone Company (Prepared with Audited Data)	
INSTRUCTIONS -Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.		PERIOD ENDING December, 2013	BORROWER DESIGNATION NC0539
CERTIFICATION <i>We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.</i> ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES. DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII (Check one of the following) <input type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects <input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report			
_____ DATE			

PART A. BALANCE SHEET					
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents			25. Accounts Payable		
2. Cash-RUS Construc ion Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. O her Taxes Accrued		
c. Notes Receivable			34. O her Current Liabili es		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)		
6. Material-Regulated			LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)			39. Funded Debt-Other		
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development			43. Obliga ions Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. O her Long-Term Debt		
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)		
13. Nonregulated Investments			OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets			47. O her Long-Term Liabilities		
15. Deferred Charges			48. O her Deferred Credits		
16. Jurisdictional Differences			49. O her Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service			51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction			53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation			55. O her Capital		
23. Net Plant (18 thru 21 less 22)			56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins		
			58. Total Equity (51 thru 57)		
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		

Total Equity = % of Total Assets

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

NC0539

REDACTED - FOR PUBLIC INSPECTION

PERIOD ENDING

December, 2013

INSTRUCTIONS- See RUS Bulletin 1744-2

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		
2. Network Access Services Revenues		
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues		
6. Uncollectible Revenues		
7. Net Operating Revenues (1 thru 5 less 6)		
8. Plant Specific Operations Expense		
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		
10. Depreciation Expense		
11. Amortization Expense		
12. Customer Operations Expense		
13. Corporate Operations Expense		
14. Total Operating Expenses (8 thru 13)		
15. Operating Income or Margins (7 less 14)		
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes		
20. Total Operating Taxes (17+18+19)		
21. Net Operating Income or Margins (15+16-20)		
22. Interest on Funded Debt		
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)		
27. Nonoperating Net Income		
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income		
31. Total Net Income or Margins (21+27+28+29+30-26)		
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year		
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]		
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year (40+41-42)		
44. Annual Debt Service Payments		
45. Cash Ratio [(14+20-10-11) / 7]		
46. Operating Accrual Ratio [(14+20+26) / 7]		
47. TIER [(31+26) / 26]		
48. DSCR [(31+26+10+11) / 44]		

USDA-RUS

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

NC0539

PERIOD ENDED

December, 2013

Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
EXCHANGE	B-1	R-1	BUSINESS	RESIDENTIAL	TOTAL	TOTAL (including fiber)	FIBER
	(a)	(b)	(a)	(b)	(c)	(a)	(b)
Ellerbe							
MobileWireless					0		
Route Mileage Outside Exchange Area						0.00	0.00
Total							
No. Exchanges							

<p>USDA-RUS</p> <p>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p> <p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>BORROWER DESIGNATION NC0539</p> <p>PERIOD ENDED December, 2013</p>
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Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION								
4. BROADBAND SERVICE								
Details on Least Expensive Broadband Service								
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
Ellerbe								
Total								

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION

NC0539

PERIOD ENDING

December, 2013

INSTRUCTIONS- See RUS Bulletin 1744-2

PART D. SYSTEM DATA

1 No Plant Employees

2 No Other Employees

3 Square Miles Served

4 Access Lines per Square Mile

5 Subscribers per Route Mile

PART E. TOLL DATA

1. Study Area ID Code(s)

a. _____

b. _____

c. _____

d. _____

e. _____

f. _____

g. _____

h. _____

i. _____

j. _____

2. Types of Toll Settlements (Check one)

Interstate:

☒

Average Schedule

☐

Cost Basis

Intrastate:

☒

Average Schedule

☐

Cost Basis

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PART F. FUNDS INVESTED IN PLANT DURING YEAR

1. RUS, RTB, & FFB Loan Funds Expended

2. Other Long-Term Loan Funds Expended

3. Funds Expended Under RUS Interim Approval

4. Other Short-Term Loan Funds Expended

5. General Funds Expended (Other than Interim)

6. Salvaged Materials

7. Contribution in Aid to Construction

8. Gross Additions to Telecom. Plant (1 thru 7)

PART G. INVESTMENTS IN AFFILIATED COMPANIES

INVESTMENTS	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
(a)	(b)	(c)	(d)	(e)	(f)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development					

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION

NC0539

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PERIOD ENDING

December, 2013

PART H. CURRENT DEPRECIATION RATES

Are corporation's depreciation rates approved by the regulatory authority
with jurisdiction over the provision of telephone services? (Check one)



YES



NO

EQUIPMENT CATEGORY

DEPRECIATION RATE

1. Land and support assets - Motor Vehicles
2. Land and support assets - Aircraft
3. Land and support assets - Special purpose vehicles
4. Land and support assets - Garage and other work equipment
5. Land and support assets - Buildings
6. Land and support assets - Furniture and Office equipment
7. Land and support assets - General purpose computers
8. Central Office Switching - Digital
9. Central Office Switching - Analog & Electro-mechanical
10. Central Office Switching - Operator Systems
11. Central Office Transmission - Radio Systems
12. Central Office Transmission - Circuit equipment
13. Information origination/termination - Station apparatus
14. Information origination/termination - Customer premises wiring
15. Information origination/termination - Large private branch exchanges
16. Information origination/termination - Public telephone terminal equipment
17. Information origination/termination - Other terminal equipment
18. Cable and wire facilities - Poles
19. Cable and wire facilities - Aerial cable - Metal
20. Cable and wire facilities - Aerial cable - Fiber
21. Cable and wire facilities - Underground cable - Metal
22. Cable and wire facilities - Underground cable - Fiber
23. Cable and wire facilities - Buried cable - Metal
24. Cable and wire facilities - Buried cable - Fiber
25. Cable and wire facilities - Conduit systems
26. Cable and wire facilities - Other

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USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		BORROWER DESIGNATION NC0539
INSTRUCTIONS – See help in the online application.		PERIOD ENDED December, 2013
PART I – STATEMENT OF CASH FLOWS		
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		
CASH FLOWS FROM OPERATING ACTIVITIES		
2. Net Income		
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>		
3. Add: Depreciation		
4. Add: Amortization		
5. Other (Explain)		
<i>Changes in Operating Assets and Liabilities</i>		
6. Decrease/(Increase) in Accounts Receivable		
7. Decrease/(Increase) in Materials and Inventory		
8. Decrease/(Increase) in Prepayments and Deferred Charges		
9. Decrease/(Increase) in Other Current Assets		
10. Increase/(Decrease) in Accounts Payable		
11. Increase/(Decrease) in Advance Billings & Payments		
12. Increase/(Decrease) in Other Current Liabilities		
13. Net Cash Provided/(Used) by Operations		
CASH FLOWS FROM FINANCING ACTIVITIES		
14. Decrease/(Increase) in Notes Receivable		
15. Increase/(Decrease) in Notes Payable		
16. Increase/(Decrease) in Customer Deposits		
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		
18. Increase/(Decrease) in Other Liabilities & Deferred Credits		
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		
20. Less: Payment of Dividends		
21. Less: Patronage Capital Credits Retired		
22. Other (Explain)		
23. Net Cash Provided/(Used) by Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
24. Net Capital Expenditures (Property, Plant & Equipment)		
25. Other Long-Term Investments		
26. Other Noncurrent Assets & Jurisdictional Differences		
27. Other (Explain)		
28. Net Cash Provided/(Used) by Investing Activities		
29. Net Increase/(Decrease) in Cash		
30. Ending Cash		

Revision Date 2010

USDA-RUS	BORROWER DESIGNATION
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	NC0539
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2013
NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	

REDACTED - FOR PUBLIC INSPECTION

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION NC0539
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2013
CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	

REDACTED - FOR PUBLIC INSPECTION

EDDIE CARRICK, CPA, PC

Certified Public Accountant

REDACTED - FOR PUBLIC INSPECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Ellerbe Telephone Company and Subsidiary
Ellerbe, North Carolina

Report on the Financial Statements

We have audited the accompanying consolidated balance sheets of Ellerbe Telephone Company and Subsidiary (the "Company") as of December 31, 2013 and 2012, and the related consolidated statements of stockholder's equity, income, comprehensive income, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

REDACTED - FOR PUBLIC INSPECTION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ellerbe Telephone Company and Subsidiary as of December 31, 2013 and 2012 and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters**Other information**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules on pages 23 through 25 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the supplementary schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with Government Auditing Standards, we have also issued a report dated June 9, 2014 on our consideration of Ellerbe Telephone Company and Subsidiary's internal controls over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Ellerbe Telephone Company and Subsidiary's internal control over financial reporting and compliance.



Eddie Carrick, CPA
Lexington, North Carolina

June 9, 2014